
Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

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Date: AUGUST 2, 2001

CHANGE REQUEST 1757

SUBJECT: Workaround for Home Health Prospective Payment System (HH PPS) Transfer Claims Received Out of Sequence—Regional Home Health Intermediaries (RHHIs) Only

The Common Working File (CWF) episode editing implemented in October 2000 allows HH PPS episodes which overlap a subsequent episode to be accepted under one condition – if a source of admission code B (indicating transfer) or C (indicating discharge and readmission) is present on the episode record for the subsequent episode. However, transfer cases have occurred in which the provider of the later dated services in the transfer (referred to as Provider B below) may not be aware that the beneficiary has received other HH PPS services within 60 days. This occurs when the provider of the earlier dated services (Provider A below) has delayed the submission of their request for anticipated payment (RAP). As a result, Provider B does not know to code the accurate source of admission code (B), because the earlier episode is not visible to them when they inquire into CWF. When Provider A subsequently submits their RAP, that RAP is rejected with CWF edit 5385 and Provider A is unable to receive payment for the episode.

Changes to CWF are under development to prevent this situation from occurring. In the interim, RHHIs must institute procedures to allow the provider of the earlier dated services (Provider A) to be paid. In order for Provider A's claim to be paid, the later dated episode (reflecting Provider B's services) must be cancelled in CWF. When contacted by Provider A, the RHHI should first direct them to contact Provider B and ask that provider to cancel their RAP or claim, in order to allow Provider A the opportunity to submit their own RAP and be paid. Provider B will then need to resubmit the RAP (and claim if applicable) for the episode with a source of admission code B in order to have their payment for the episode restored. When both providers are willing to cooperate, this will resolve the problem.

However, in cases where both providers will not cooperate, RHHIs must take action to ensure the payment for the services of Provider A. RHHIs that are contacted again by Provider A will arrange with Provider A, a date on which the RHHI will cancel Provider B's RAP or claim, in order to allow the earlier episode to process. Prior to canceling the claim, the RHHI must attempt to contact Provider B to inform them of the upcoming cancellation. A note should be placed in the remarks field of the cancelled claim explaining the circumstance. In response to inquiries after the cancellation or during contact prior to the cancellation, RHHIs must explain to providers that they can re-submit the episode with the source of admission code B and recover their full payment. RHHIs should follow this process for their own providers and upon request from other RHHIs in cases where the two episodes involved were processed at different sites. In coordinating these cases between intermediaries, the procedures outlined in Medicare Intermediary Manual §3860 apply.

In advising Provider A regarding the submission of their RAP and claim, RHHIs must instruct that they may submit the claim for the episode immediately upon the completion of processing of the RAP. Since it is known in advance that the claim for the episode should be paid a partial episode payment (PEP), RHHIs must instruct Provider A to submit their claim with patient status 06. For cases in which the RHHI is aware that Provider A's episode in the transfer will contain dates that will overlap the subsequent episode, advise them to remove the overlapping dates prior to submission.

In communicating with both providers in this circumstance, it is important to stress to the agencies involved that this process is a temporary workaround from which they may benefit later, if the roles are reversed. It is also important to appreciate their patience and cooperation until the changes to Medicare systems can be implemented.

The *effective date* for this Program Memorandum (PM) is August 2, 2001.

The *implementation date* for this PM is August 2, 2001.

These instructions should be implemented within your current operating budget.

This PM may be discarded after August 1, 2002.

If you have any questions, contact your regional office.